

Message Text

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TO SECSTATE WASHDC PRIORITY 9691

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E.O. 11652: N/A

TAGS: BPRO, PL

SUBJECT: MCKEE WINS CONTRACT FOR PHARMACEUTICAL PLANT

REF: WARSW 351

1. ROBERT PERRY, SENIOR VICE PRESIDENT OF ARTHUR G. MCKEE AND COMPANY'S CHICAGO-BASED FOOD AND PHARMACEUTICAL DIVISION, TELEPHONE ME YESTERDAY EVENING TO SAY THAT HE HAD THAT AFTERNOON SIGNED AN AGREEMENT TO CONSTRUCT THE ANTIBIOTIC FACILITY FOR WHICH SQUIBB IS SUPPLYING THE TECHNOLOGY (ACCORDING TO PERRY, WORTH \$5-MILLION). THE ENTRY INTO FORCE OF THE AGREEMENT IS CONTINGENT ON MCKEE'S OBTAINING WHAT PERRY DESCRIBED AS "THE BEST AVAILABLE FINANCING" FROM EXIMBANK. INVOLVED ARE U.S. EXPORTS OF EQUIPMENT WORTH \$25-MILLION.

2. PERRY SAID THAT EXIMBANK HAD GRANTED A PRELIMINARY COMMITMENT IN JULY, 1975. HE IS RETURNING TO THE U.S. MONDAY AND WILL UNDERTAKE TO INFORM THE MEMBERS OF THE BOARD OF DIRECTORS OF EXIMBANK IN AN EFFORT TO MAKE THEM UNDERSTAND HOW CRUCIAL THE FINANCING CONDITIONS ARE.

3. I TOLD PERRY THAT I WOULD INFORM THE STATE DEPARTMENT AND THE DEPARTMENT OF COMMERCE OF THIS VERY WELCOME DEVELOPMENT AND OF THE IMPORTANCE OF EXIMBANK'S BEING ABLE TO PROVIDE THE BEST AVAILABLE FINANCING IF

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THE CONTRACT IS TO BECOME VALID.

4. PERRY SAID THAT, IN ADDITION TO CONCLUSION OF THE AGREEMENT ON THE CONSTRUCTION OF THE ANTIBIOTICS PLANT, MCKEE HAD ALSO SIGNED ANOTHER, VERY SIGNIFICANT, LONG-RANGE AGREEMENT ON COOPERATION, UNDER WHICH A JOINT COMPANY WOULD BE ESTABLISHED, WITH ITS HEADQUARTERS IN CHICAGO, TO ASSIST THE POLES IN MARKETING IN THIRD COUNTRIES THEIR ADVANCED TECHNOLOGY FOR THE PROCESSING OF BEET AND CANE SUGAR, FOR THE PRODUCTION OF SULFURIC ACID, AND FOR CERTAIN OTHER POLISH TECHNOLOGIES, WHICH, PERRY SAID, ARE COMPARABLE WITH THE BEST IN THE WORLD. PERRY WAS ENTHUSIASTIC ABOUT THE PROSPECTS FOR DEVELOPING THIS BUSINESS, SAYING THAT, ALTHOUGH IT WAS NOT NOW POSSIBLE TO ESTIMATE THE MONETARY VALUE OF THIS AGREEMENT TO MCKEE, IT SHOULD PROVE TO BE VERY SUBSTANTIAL.

5. ACTION REQUESTED -- STATE: (A) PLEASE INFORM CONGRESSMAN DAN ROSTENKOWSKI OR HIS ADMINISTRATIVE ASSISTANT, JAMES C. HEALEY, JUNIOR, THAT MCKEE HAS WON THIS IMPORTANT CONTRACT, SUBJECT TO THE PROVISION OF IMPROVED EXIMBANK FINANCING. CONGRESSMAN ROSTENKOWSKI HAS BEEN ACTIVELY INTERESTED IN SUPPORTING MCKEE'S BID. HIS CONTACTS, DIRECT AND INDIRECT, WITH MINISTER OF FOREIGN TRADE JERZY OLSZEWSKI HAVE MAINTAINED THE MINISTER'S AWARENESS THAT AN EXTRA DIMENSION WAS ADDED TO MCKEE'S BID. WHILE WE CANNOT PRECISELY EVALUATE THE ROLE PLAYED BY THE CONGRESSMAN'S SUPPORT IN HELPING WIN THE AWARD FOR MCKEE, I BELIEVE IT TO HAVE BEEN SIGNIFICANT. (B) I WOULD APPRECIATE THE DEPARTMENT'S PROVIDING STRONG SUPPORT FOR MCKEE'S EFFORT TO OBTAIN IMPROVED EXIMBANK FINANCING FOR THIS PROJECT, WHICH COULD PROVE TO BE THE FOUNDATION FOR LONG AND SIGNIFICANT US-POLISH COLLABORATION IN THIRD-COUNTRY MARKETS.

6. ACTION REQUESTED -- COMMERCE: I WOULD GREATLY APPRECIATE DOC'S PROVIDING COMPARABLE STRONG SUPPORT FOR MCKEE'S EFFORT TO OBTAIN IMPROVED EXIMBANK FINANCING.

DAVIES

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